



Property Tax Deductions

Department of Local Government Finance

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The Good News

All eligibility requirements, deadlines or exemption/deduction/credit availability are the **SAME** since our last discussion!

Now let's review...



Exemptions, Deductions and Credits...Oh My!

- **Exemption** = property is not taxable
 - Churches, Charitable Organizations, etc.
 - IC 6-1.1-10; IC 6-1.1-11
- **Deduction** = reduces the taxable assessed value of a property by a fixed dollar amount
 - Homestead, Mortgage, Over 65, Disabled Veteran, etc.
 - IC 6-1.1-12
- **Credit** = reduce the net tax bill by a designated percentage or prevent a tax bill from exceeding a certain percentage
 - Circuit Breaker, Over 65, LOIT Homestead



Exemptions

- Application must be filed on or before May 15th of the assessment year with the county assessor.
 - May 15, 2011 for the 2011-pay-2012 property taxes
- Exempt entity must own property as of March 1
- Must be re-filed every even year unless:
 - The exempt property is owned, occupied and used for educational, literary, scientific, religious or charitable purposes
 - The property continues to meet the requirements of IC 6-1.1-10-16 or IC 6-1.1-10-21
 - An application was properly filed at least once in accordance with these statutes
- Exemption is valid after change in ownership if the property continues to meet the requirements under IC 6-1.1-10-16 or IC 6-1.1-10-21



Deductions for Real Property

- Application must be completed and dated by December 31 and filed on or before January 5 of the immediately succeeding calendar year.
 - Completed and dated by December 31, 2011 and filed on or before January 5, 2012 for 2011 pay 2012 property taxes
 - There is no March 1 ownership requirement
- Homestead Standard Deduction is always applied first, followed by Homestead Supplemental Deduction. Remaining deductions may be applied in any order.



Deductions for Real Property

- **Two** ways to receive a deduction for the 2011-pay-2012 property taxes:
 1. The deduction was accurately in place on the property as of March 1, 2011.
- OR**
- 2. Meet all eligibility requirements, complete and date an application on or before December 31, 2011 and file the application on or before January 5, 2012.



Deductions for Personal Property Mobile Homes

- Application must be filed during the 12 months before March 31 of the year the applicant wishes to receive the deduction.
 - Before March 31, 2012 for 2012-pay-2012 property taxes.
- Sum of all deductions provided may not exceed 50% of the assessed value of the home.
 - Only exception is the Homestead Supplemental Deduction
 - All **credits** may be applied outside of this limitation



Credits

- Circuit Breaker Cap Credit
 - To receive the 1% cap, the taxpayer must apply for and be eligible to receive the homestead deductions. Separate application not required for credit.
- LOIT Homestead Credit
 - Taxpayer must apply for and be eligible to receive the homestead deductions. Separate application not required for credit.
- Other LOIT Credits
 - Automatically applied to eligible property. Separate application not required for credit.
- Over 65 Circuit Breaker Credit
 - Application required. Same deadlines as those for deductions.



Homestead Verification Form

- The form may be returned by mail.
- Identification from **ANY** state may be provided.
- The form must be returned at least once by **January 1, 2013** or the homestead may be removed from the 2012 pay 2013 property taxes.
- If a form has not been returned by January 1, 2013, a final letter will be sent to the taxpayer.
- A homestead verification form is not required for new homestead applicants as the required information is provided on the initial application now.



Homesteads & Married Couples w/ Separate Residences

- HEA 1004-2011 added IC 6-1.1-12-37(n)
- Effective retroactive to March 1, 2011
- Individual may not be denied the homestead deduction if
 - individual's spouse owns property located outside Indiana
 - Individual files required affidavit with the county auditor



Homesteads & Married Couples w/ Separate Residences

- Affidavit must contain the following information:
 - The names of the county and state in which the individual's spouse claims a deduction substantially similar to the homestead standard deduction
 - A statement made under penalties of perjury that the following are true:
 - The individual and the individual's spouse maintain separate principal places of residence;
 - Neither the individual nor the individual's spouse has an ownership interest in the other's principal place of residence; and
 - Neither the individual nor the individual's spouse has, for that same year, claimed a homestead standard deduction or substantially similar deduction for any other property other than the property maintained as a principal place of residence by the respective individuals



Assessed Value Limitations

- Over 65 Deduction
 - AV of entire parcel where qualifying individual resides cannot exceed **\$182,430**
- Over 65 Circuit Breaker Credit
 - AV of homestead property only cannot exceed **\$160,000**
- Disabled Veteran Deduction (Code 1 & Code 3)
 - AV of all tangible property owned by the veteran cannot exceed **\$143,160**



Income Limitations

- Over 65 Deduction
 - **Combined Adjusted Gross Income** of the individual and the individual's spouse or all other individuals who share ownership as joint tenants or tenants in common cannot exceed **\$25,000**
- Over 65 Circuit Breaker Credit
 - **Adjusted Gross Income** of the individual may not exceed **\$30,000**.
 - **Combined Adjusted Gross Income** of the individual and his or her spouse may not exceed **\$40,000**.
- Blind/Disabled Deduction
 - Qualifying individual's **Taxable Gross Income** cannot exceed **\$17,000**.



Disabled Veteran Deductions

- Disabled Veteran Deduction
 - IC 6-1.1-12-14; 15
 - Assessed Value Limitation Involved
 - Also known as "Code 1"
 - Maximum Deduction Amount \$12,480
- Veteran with Service Connected Disability Deduction
 - IC 6-1.1-12-13; 15
 - No Assessed Value Limitation Involved
 - Also known as "Code 2"
 - Maximum Deduction Amount \$24,960
- "Code 3" is a combination of the above two deductions



Surviving Spouses

- Over 65 Deduction
 - Must remain unmarried after death of spouse
 - Must be at least 60 years of age
 - Surviving Spouse must satisfy all other eligibility requirements (income, assessed value, residency) to receive deduction
- Disabled Veteran Deductions
 - No marriage or age requirements
 - Surviving Spouse of an individual may receive the deduction, if the individual would qualify for the deduction if he or she were alive.



Questions?



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